

Infill development within Greater Hobart

Stage 1 report

Prepared for:

Department of Infrastructure, Energy and Resources
(DIER Ref: 1280-1-121)

March 2014

pitt&sherry

HillPDA CONSULTING

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1 Introduction

1.1 Why infill development?

Communities across Australia are increasingly recognising that the economic, environmental and social costs of urban sprawl outweigh its benefits. As a consequence, policies that limit urban sprawl and better balance the diverse housing needs of a community are being sought. Encouraging infill development is one such approach.

1.2 What is infill development?

For the purposes of this study, infill development is defined as new residential development on vacant or underutilised land within existing neighbourhoods and suburbs. Infill development can occur on brownfield and greyfield sites where:

- Brownfield sites are defined as a 'real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant'.[1]
- Greyfield sites are defined as 'underutilised property assets located in the middle suburbs of large Australian cities. Greyfields are usually occupied and privately owned sites typical of urban development undertaken from the 1950s to the 1970s'.[2]

The Australian Housing and Urban Research Institute (AHURI) identifies numerous housing forms that can be developed on infill sites:

- high-density residential towers (8+ storeys)
- high-density residential apartment/flat buildings (4–8 storeys)
- walk-up apartment buildings (3 storeys with no lift)
- townhouses (2–3 storeys)
- villas (1 storey)
- ancillary dwellings such as granny flats (1 storey).

Each of these forms of infill development has varying barriers and drivers, often dependent on the scale of development. Many of the barriers and drivers discussed later in this report typically apply only to the medium to higher density developments. Ancillary dwellings and small-scale townhouse developments are not the focus of this study as these developments are already successfully occurring across Greater Hobart, and indeed in most other municipalities in Tasmania.

However, much greater attention to other forms of infill development is required. Metropolitan Hobart is at a pivotal time in respect to creating opportunities to facilitate increased infill growth and development.

Greater land use efficiency through future infill residential growth has the potential to provide major transport benefits including higher use of public transport, focused traffic movements, lower levels of infrastructure requirements and shorter journeys to work. Consolidation of key service centres will reduce the overall distances travelled by people to access goods and services.

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1 United States General Services Administration, http://www.gsa.gov/portal/content/104582 (2013).

2 Newton, P, Murray, S, Wakefield, R, Murphy, C, Khor L-A and Morgan, T 2011, Towards a new development model for housing regeneration in greyfield residential precincts, AHURI Final Report No. 171, Australian Housing and Urban Research Institute, Melbourne.

1.3 Benefits of infill development

Infill development has the potential to generate a range of economic, environmental and social benefits, some of which are identified below.

- Infill development reuses properties or vacant land that may be underutilised, unattractive or blighted thus helping to improve local amenity and increase property values.[3]
- Fully utilising existing services and infrastructure through infill development before considering extensions to greenfield areas can offer savings to state and local governments.
- Infill development can improve the viability of local centres through increased spending by new residents, in turn boosting jobs and generating revenues for state and local governments.
- Infill development can facilitate relationship-building and contribute to a sense of community and security.[4]
- Infill development can diversify the supply of housing.
- Located in close proximity to transit routes and within walking distance of services, shops and entertainment, infill development can reduce private car use and associated congestion and pollution, increase mobility for those who cannot drive or prefer not to drive, and support mass transit and alternative modes of transportation such as walking and bicycling.[5]
- Infill development contributes to a more compact form of development which is less consumptive of land and resources.[6]

1.4 Project overview

The purpose of this stage 1 report is to identify the barriers and drivers to delivering more infill development in Hobart. Importantly, the study considers both the supply and demand-side factors that encourage and inhibit infill development. A subsequent stage 2 report will include recommendations and initiatives for enhancing drivers and overcoming barriers to infill development in Hobart.

Information for this report was gathered through a comprehensive review of national and international literature; through interviews with fourteen people from Tasmania's property development industry and a survey of residents currently living in thirteen infill developments around Hobart; and through a detailed case study analysis of five Hobart infill developments (Appendix A). It is important to note that the response from the consultation with the property development industry and also the developers responsible for the case studies analysed are sometimes perceptions or based on isolated experiences and, as such, may be disputable or not applicable in a general sense. However, these views are important to capture and inform the next stages of this study as their perceptions will inform the extent to which they take on future infill developments in many cases.

This report firstly discusses the barriers and drivers to supplying more infill development in Hobart. The report then addresses the factors influencing demand for infill development.

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3 Policy Link, Infill Incentives, http://policylink.info/EDTK/Infill/ (2013).

4 Baldwin, C, Osborne, C and Smith, P 2012, Infill Development for Older Australians in South East Queensland, University of the Sunshine Coast.

5 ibid.

6 Municipal Research & Services Center of Washington, Infill Development Strategies for Shaping Livable Neighborhoods, June 1997.





2 Barriers and drivers to the supply of infill housing in Hobart

Barriers and drivers to increasing the supply of infill housing in Hobart exist throughout the development process. This section breaks the development process into the following six stages and identifies the barriers and drivers that occur in each.[7]

Supply factors					
Site identification & assembly	Development feasibility	Planning & development assessment	Finance	Infrastructure provision	Construction

2.1 Site identification and assembly

The identification and assembly of land suitable for infill development is the first step in the development process. This stage is made significantly easier and cheaper when there are numerous large development sites that are underutilised and in single ownership. The process is also aided when land prices are comparatively cheap and minimal preparation is required by way of remediation and demolition.

One of the most significant barriers to infill housing is the cost associated with finding, assembling and preparing suitable development sites. Urban land suitable for infill development tends to be comparatively expensive due to its locational advantages, existing infrastructure capacity and higher permitted development densities. Acquiring and preparing land can be one of the largest costs associated with infill development and, as such, the price at which land can be purchased will often determine whether or not an infill development will be feasible. The cost of acquiring land can also be influenced by the following matters.

2.1.1 A lack of development sites in an area

Infill areas that contain a limited number of development sites will generate competition among purchasers and elevate the price paid for land.

2.1.2 Numerous small sites in fragmented ownership

It can be difficult and costly to assemble sites in areas characterised by small lots owned by a variety of people. To amalgamate a site large enough to undertake an infill project, developers have to negotiate with a number of different owners which can be time consuming, complex and costly. Land owners can have unreasonable price expectations and often ‘hold out’ until these expectations are met. Sometimes land owners will refuse to sell at any price. Established subdivision patterns are hard to change and therefore represent a major barrier to infill development. An example of an infill area that contains a high proportion of small lots in fragmented ownership is North Hobart.

[7] Our approach is based on that applied by the Australian Housing and Urban Research Institute *in* Rowley, S and Phibbs, P, Developing diverse and affordable housing infill development sites, August 2012

2.1.3 Large remediation and demolition costs

Once acquired, further costs can arise from the remediation and demolition works required to prepare a site for construction. The uncertainty around the extent of these works creates additional risk which is difficult to factor into development costs and feasibility. Increased risk associated with remediation of land can also make obtaining finance for a project more difficult.

The redevelopment of brownfield and greyfield sites can, however, yield substantial profits to those developers who can purchase land at a reduced rate and then have the expertise to remediate and prepare a site cost effectively.

2.1.4 Speculative behaviour by land owners

Land speculation occurs when a site is purchased in the hope that it will increase in value on account of a zoning change or infrastructure improvements in the surrounding area. Land that is priced speculatively, particularly in prime locations, can often be too expensive for developers to purchase. Planners need to be aware of speculative behaviour when attempting to stimulate infill development through changes to the planning scheme. Designating an area for increased infill development and allowing too much development potential can inflate land prices beyond the actual value of the land and result in no infill development occurring at all.

2.1.5 Case study findings

Site assembly was not highlighted as a barrier to development in the case studies analysed, although the majority were in common ownership or initiated through a development authority (Wapping Implementation Group). In the case studies that required significant land remediation or demolition prior to development, the costs were worn by the development authority – again the Wapping Implementation Group.

2.1.6 Consultation findings

During consultation with developers and representatives from the property development industry, the following comments were made in relation to site identification and assembly:

> The supply of infill residential development will be constrained by limited development sites close to CBD (i.e. CBD to North Hobart) due to fragmented ownership and prevalence of small lots. Land in this area is expensive to purchase thus making projects unfeasible. Land purchase price has to be relatively cheap to make infill residential development feasible.

Drivers checklist – Site identification and assembly

The identification and assembly of land is made significantly easier when potential infill development sites are:

- large
- numerous
- underutilised or vacant
- relatively cheap
- located in desirable locations
- in need of minimal remediation and/or demolition works.

2.2 Development feasibility

Infill development will not occur unless it is sufficiently profitable for developers to build it. Development feasibility is therefore critical to the delivery of infill housing. If a developer's analysis indicates the costs and revenues of a project are such that an adequate profit cannot be made, the infill project will not go ahead. Developers interviewed during the consultation process indicated that infill development away from Hobart's waterfront rarely stacks up from a feasibility perspective.

As a consequence, a number of Hobart's larger developers are currently focusing on commercial and industrial projects. This situation is not unique to Hobart. According to a study into infill development undertaken by the Australian Housing and Urban Research Institute, the vast majority of infill projects around Australia do not progress beyond the feasibility assessment stage.

Developers usually require a profit of 10–25% in return for taking on the risks associated with a project.[8] The profit required will vary and depends on a range of risk factors like the quality of the location, proven demand for the product in an area, the wider economic environment, the type of development and the amount of debt associated with the project.[9]

The AHURI study uses a number of simple calculations to illustrate the impact of sales price, land cost, developer charges and planning delays on development feasibility. This report will use a similar approach but will be adapted to better reflect market conditions in Hobart.

2.2.1 Impact of revenue on development feasibility

Table 1 is a hypothetical 10-dwelling infill development. The only difference between the three scenarios presented is the price received for each unit. The cost of land, construction, finance, developer contributions and infrastructure charges remain the same across each scenario.

Table 1 Impact of revenue on development feasibility of a hypothetical infill project

	Scenario 1 $250k per unit	Scenario 2 $300k per unit	Scenario 3 $350k per unit
Net development revenue	$2,500,000	$3,000,000	$3,500,000
Construction costs	$2,000,000	$2,000,000	$2,000,000
Developer contributions and infrastructure charges	$250,000	$250,000	$250,000
Finance including land holding costs	$100,000	$100,000	$100,000
Land costs	$500,000	$500,000	$500,000
Total costs	$2,850,000	$2,850,000	$2,850,000
Developer's profit	–$350,000	$150,000	$650,000
Developer's profit on costs	–12%	5%	23%

Source: Adapted from AHURI

[8] ibid.
[9] ibid.

Under the first scenario ($250,000 per unit) the developer would make a loss and the project would not proceed. Under the second scenario ($300,000 per unit) the developer would secure a 3% profit on costs which would be an insufficient return to cover the risk associated with the project. In both these scenarios, development costs would have to be significantly reduced for the project to proceed. This might mean lowering development contributions or infrastructure charges or providing the land at a lower price. Table 1 shows the hypothetical development will only be feasible if all units can be sold for $350,000 (scenario 3).

2.2.2 Impact of land value on development feasibility

Land value is a key determinant of project feasibility. In very simple terms, land value is calculated by deducting anticipated costs and required profit from the project's expected revenue. Put another way, the value a developer places on land is the amount of money they could afford to buy a site for and still make an acceptable profit after all anticipated development costs are deducted from revenues.

The value a developer places on a potential site does not always equate to the land owner's asking price. When a land owner's price expectations are inflated, developers are less likely to purchase a site because it will be harder for them to achieve the profit required on an infill project. A project is more likely to be feasible when the price at which land owners are willing to sell their land aligns with the value a developer places on it.

Table 2 provides a simplified hypothetical example of how land value can impact the feasibility of an infill development. In the hypothetical example, the anticipated construction costs and required profit remain the same across each scenario but the expected revenues depend on the location of the development. The sale of units in the high value area (scenario 1) will generate $5,000,000 in revenue but only $4,250,000 in the medium value area (scenario 2), and so on.

In the high value area (scenario 1) the developer could afford to buy the site for $1 million and still make their required profit ($875,000). In the medium value area (scenario 2) the developer could only afford to buy the land for $250,000 to generate their required profit. In the low value area (scenario 3) it would not be feasible for the developer to purchase the land. However, Table 2 shows that a more modest infill development (i.e. fewer dwellings built at a lower cost) could still be profitable in the low value area (scenario 4).

Table 2 Impact of land value on development feasibility of a hypothetical infill project

	Scenario 1 High-value area	Scenario 2 Medium-value area	Scenario 3 Low-value area	Scenario 4 Alternative for low-value area
Net development revenue	$5,000,000	$4,250,000	$3,500,000	$1,500,000
Construction costs	$2,500,000	$2,500,000	$2,500,000	$850,000
Developer contributions and infrastructure charges	$250,000	$250,000	$250,000	$100,000
Finance including land holding costs	$375,000	$375,000	$375,000	$100,000
Developer's profit	$875,000	$875,000	$875,000	$200,000
Land value	**$1,000,000**	**$250,000**	-$500,000	**$250,000**

Source: Adapted from AHURI

This analysis also highlights why it is important for state and local government planners to consider the feasibility of development when formulating land use strategies. As previously mentioned, designating an area for increased infill development and allowing too much development potential can inflate land price expectations beyond the actual value of the land. Trying to align land owners' expectations with what the market can actually support is not something well suited to planning policy. Rather, regular and effective engagement with land owners is a more effective means of ensuring land owners' price expectations are informed by the market conditions and what it takes to make a development feasible. This requires sending clear messages about what government intentions are (and are not) in renewal areas and also educating owners about the feasibility of development. Government planners, too, can benefit from a better understanding of development feasibility. Without understanding the basic parameters required to make infill development feasible, planners risk creating strategies that will never be realised. Scenario 4 above also shows that by being flexible and creative, developers can increase the feasibility of infill development.

2.2.3 Impact of contributions, charges and planning delays on development feasibility

Developers need certainty to undertake an infill project. Before committing to a project, developers will estimate all potential costs and revenues and decide whether they can make their required profit. Any uncertainty around costs increases the risk of a development and reduces its feasibility. Uncertainty can be generated from unexpected costs associated with delays in the planning process and from changes to developer contributions and infrastructure charges levied at a later stage. These unexpected costs eat into a developer's profit margin and erode project feasibility. If the risk of unexpected costs is too high, developers will not undertake a project.

Table 3 illustrates the impact of unexpected planning delays, developer contributions and infrastructure charges on the feasibility of a hypothetical infill development. Scenario 1 shows the developer would earn a profit of 19% if all costs and revenue occurred as forecast. In this scenario the infill project would be considered feasible. Under scenario 2 there is an unexpected 20% increase in infrastructure charges during the development process. Profit as a consequence drops to 16% making the project's feasibility marginal. Scenario 3 is based on a 12-month delay during the planning process.

Table 3 Impact of contributions, charges and planning delays on development feasibility of a hypothetical infill project

	Scenario 1 Predicted scenario	**Scenario 2** 20% increase in developer contributions	**Scenario 3** Delay in planning approval
Net development revenue	$5,000,000	$5,000,000	$4,750,000
Construction costs	$2,500,000	$2,500,000	$2,625,000
Developer contributions and infrastructure charges	$500,000	$600,000	$500,000
Finance including land holding costs	$200,000	$200,000	$260,000
Land costs	$1,000,000	$1,000,000	$1,000,000
Total costs	$4,200,000	$4,300,000	$4,385,000
Developer's profit	$800,000	$700,000	$365,000
Developer's profit on costs	19%	16%	8%

Source: Adapted from AHURI

The delay increases the cost of financing the project by way of land holding costs and consultant fees. Construction costs are also greater due to inevitable increase in the cost of labour and materials over time. In this scenario profit drops to 8% making the project unviable.

The AHURI notes that the later an unexpected cost is imposed on a developer the less chance there is to recoup it by factoring it in to the purchase price of the land. Developers' ability to pass additional costs on to the end buyer will also depend on the health of the market. In a low demand environment such as Hobart people will be generally unwilling to absorb the additional costs through a higher purchases price. Councils and Government Business Enterprises (GBEs) can therefore play a critical role in increasing the feasibility of infill projects by minimising costs and uncertainty during the development process.

2.2.4 Case study findings

The case studies reviewed have all sold well (after 2006) due to location and product offered. The two Wapping case studies both struggled to sell initially; however, at the time (1996–1999) the product offered was relatively new to the Tasmanian market. The market for the case studies tended to be downsizers, retirees, couples and young professionals. As the feedback from the case studies was mixed in relation to profitability of their respective developments, no clear conclusions can be drawn from the case studies in relation to feasibility.

2.2.5 Consultation findings

During consultation with developers and representatives from the property development industry, the following comments were made in relation to development feasibility.

- Large residential flat buildings are unlikely to be feasible in Hobart (away from the waterfront). Smaller 5–10 dwelling buildings are likely to be more appropriate.
- Infill should be a mix of townhouse developments and residential flat buildings to cater for various types of demands.
- Demand for infill will be generated by downsizers, empty nesters and first homebuyers.
- Infill intensification should start between CBD and North Hobart and then move north from there in the medium term (10+ years).

Drivers checklist – Development feasibility

Infill development is more likely to be feasible when:

- Developers can be confident they will make their required profit.
- The price at which land owners are willing to sell their land aligns with the value a developer places on it.
- Additional costs and uncertainty generated during the approval process is minimised.
- Planners are aware of market realities and development feasibility parameters when formulating planning controls and assessing development applications.
- Economic conditions improve, demand for housing increases and the price people are willing to pay for infill dwellings rises (this demand-side driver is discussed further in Section 3).

2.3 Planning and development assessment

2.3.1 Planning provisions

Planning controls can represent a major barrier for developers in Hobart's infill areas by constraining residential densities and mixed-use development, limiting heights and prohibiting multi-unit development. Other requirements such as heritage, parking, setbacks and minimum lot sizes may also constrain potential infill developments. Planning controls also need to be flexible to make it feasible for developers to adaptively reuse older building stock.

Excessive car parking requirements are a common example of how well intentioned planning controls can impede the delivery of infill development. The AHURI notes the cost of providing parking is very costly (particularly underground parking which can cost over $20,000 per bay[10]) and can detrimentally impact project feasibility. In a study on delivering diverse and affordable housing, the Institute says:

> This lack of flexibility prohibits the development of diverse housing and can, in fact, prevent the development of any housing at all if the cost of providing parking pushes the development into the unprofitable pile. The ability to offer developments with no parking near transport nodes opens up a different type of market. Reduced parking provision not only reduces costs but can also increase the density of development.
>
> Avoiding the need for basement parking could make profitable schemes that would previously not have been financially viable. Under the current system, households that do not want parking spaces have little choice but to pay for them. It can, of course, work the other way, with developers (and councillors) wanting to offer two parking spaces to attract a certain type of purchaser – two singles for example – but are prevented from doing so by maximum parking standards. Flexibility was considered key. Standard parking provision for standard apartments but developers and local councils could request variations when considered necessary.[11]

This was affirmed during consultation, with one Hobart developer saying they were often unable to get parking concessions from a council for an inner-city development aimed at students and young professionals. According to the developer, council's parking requirements made the project unviable and as a consequence it did not proceed.

In another example a developer was seeking Green Star certification, which encourages developers to reduce the quantum and size of parking, but then has to make a cash in lieu contribution due to failing to meet the parking requirements of the planning scheme.

Section 2.2 of this study also identifies the need for planners to understand and consider development feasibility when developing policy, and drafting planning schemes to ensure the market can actually deliver the outcomes desired by council. For example, permitting higher density development in low land value areas is unlikely to result in infill development occurring because land owners will have unrealistic expectations about the sale price of their property (i.e. the price land owners are willing to sell at is well above the price developers can afford to purchase the land for and construct a profitable development).

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[10] Hill PDA.

[11] AHURI *in* Rowley, S and Phibbs, P 2012, Developing diverse and affordable housing infill development sites, August 2012.

2.3.2 Development assessment

Lengthy and difficult approval processes can work against the delivery of infill development. Many infill developments can be more complex than single dwelling or small-scale commercial developments and therefore can require longer assessment timeframes. However, the requirements for numerous consultant studies, frequent design changes and other delays can increase development costs and decrease project feasibility. If the risk of unexpected approval delays is too great then infill developments that are marginally feasible will not proceed. This point is particularly relevant to Hobart where most infill development is marginally feasible.

2.3.3 Community opposition

Another substantial barrier to infill development, and a concern for most developers consulted, is community opposition. Communities generally have a fear of both change and the unknown. There is usually a perception that higher density development will result in a range of negative impacts and fundamentally alter the character of their local area. People worry about the impacts on parking, traffic, crime and property values. These fears often stem from past experiences or seeing the impacts of inappropriate and poorly designed infill development elsewhere. In a Hobart context, community experience and therefore acceptance of apartment living is not widespread. The community often does not appreciate that quality infill can improve the amenity of an area and increase property values.

Community opposition can stop infill projects directly, at the rezoning or development assessment stage, by turning councillors against them or prolonging the approval process to such an extent that the project becomes unviable. The challenge for delivering increased infill development in Hobart will be to engage the community at early stages of planning to reduce misconceptions and ultimately opposition.

2.3.4 Case study findings

One case study required an extension of time, the remainder ranged between 23 days and the full statutory limit at the time (60 days).

All but one of the developments took longer to be determined than the contemporary Tasmanian average of 34 days (for discretionary developments)[12]. This is not unexpected given these types of development can be more complex than many other types of development.

A total of twelve representations were received for the five developments. Eight of those were on a single development (301 Murray Street), while the two Wapping developments received none.

2.3.5 Consultation findings

The key point from the consultation was that developers needed a more efficient approval process before they could feel confident to take on infill projects. Delays in the approval process generate uncertainty, increase costs and erode project feasibility. Developers agreed the more efficient and certain an approval process is, the lower the risk of infill projects and more likely they will be feasible.

Other comments made in relation to planning and development assessment included:

- There is a feeling among the building and development community that it is 'all too hard' to embark on more ambitious/demanding projects – mainly on account of council red tape and resistance to development.

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[12] Parliament of Tasmania 2012, Report of the Auditor General No. 8 of 2011–12, The assessment of land-use planning applications. This average includes the entire range of discretionary developments, including minor discretions and house extensions.

- Political leadership is required to create a 'fast-track' planning system that will give developers and builders the confidence and certainty they require to undertake risky projects. Such a system should guarantee minimal opportunities for community opposition to delay developments that satisfy prescribed controls.
- Supply of infill residential development will be constrained by:
  - Lack of understanding by councils and others involved in the approval process about the risks taken on by developers and the incentives required to construct higher density development.
  - Council upfront costs, delays and uncertainty make it 'all too hard'.
  - Heritage planning issues are particularly problematic and costly.
  - There is increasing demand for costly up-front consultant reports before any indication from council whether the project will go ahead (i.e. increasing initial capital outlay and risk, with no certainty).
- Hobart needs to be at the forefront of streamlining planning processes to ensure it is seen as an attractive place to invest.
- Small developers may take on larger infill developments if it was made easier for them to do so.
- Infill developments won't occur while the current third party appeal process remains in place.
- Infill development should be assessed through a two-step process. The first step would require presenting council with an overview of the proposal with minimal detailed technical data. If deemed acceptable, more technical (and costly) data could then be produced.
- Local government and the planning system are major impediments:
  - the planning system is increasingly complex and stifles innovation
  - archaeology and heritage considerations can be onerous
  - local government often 'loads in' permit conditions, adding significant costs
  - need to review S57 of the *Land Use Planning and Approvals Act*. Some development can be discretionary, but not subject to third party appeals (e.g. contaminated sites)
  - it is very damaging to investment when the State Government has difficulty with the planning system (e.g. Parliament Square)
  - planning Schemes require much more regular updating.

Drivers checklist – Planning and development assessment

Infill development is more likely to be delivered when:

- Land use strategies support infill development, and planning schemes are 'investment ready', meaning areas designated for infill development are already zoned for infill development and planning controls support project feasibility.
- Development approval processes are efficient, consistent and provide certainty.
- The community understands the benefits of infill development and participates in the strategic planning underpinning the delivery of more infill projects.

2.4 Infrastructure provision

One of the main benefits of infill development is that it makes more efficient use of existing infrastructure when compared to greenfield development. New residents of infill development can access parks and community facilities that already exist in an area. Similarly, because the utilities are mostly already in place, it minimises the need for extensive new infrastructure works in greenfield areas. The importance of good infrastructure in driving demand for infill development is discussed further in Section 3. This section concentrates on the relationship between infrastructure provision and the supply of housing.

In some locations existing infrastructure may lack the capacity to accommodate the added demand generated by new infill development. In this case, infrastructure may need to be upgraded, which can be troublesome and expensive for developers, councils and GBEs alike. As illustrated in Section 2.2, infrastructure charges and developer contributions can detrimentally impact the feasibility of an infill project by increasing costs, uncertainty and risk.

Infrastructure charges are integral to addressing increased development pressures and maintaining infrastructure standards within the community. These headwork charges are normally applied to all new developments which place demands on infrastructure and fund the administration, planning and construction of works.

2.4.1 Case study findings

In one case study (107 Channel Highway) the infrastructure costs were noted as excessive. This is the only development that was post the water and sewerage reform in Tasmania.

2.4.2 Consultation findings

During consultation with developers and representatives from the property development industry, the following comments were made in relation to infrastructure provision.

- Infrastructure charges can be excessive and need to be lowered if infill development is to become feasible, particularly in low land value areas.
- There is inadequate certainty around infrastructure charges, which is a significant impediment to delivering infill housing. An example was given where similar projects in the same industrial estate were charged vastly different amounts by a GBE with no sound justification for the difference provided.
- Funding the infrastructure improvements necessary to support some higher density living will require substantial investment from government and should not be shifted on to developers.
- Infrastructure fees, particularly heads works fees, can make or break the feasibility of infill development.
- Current development is being charged excessive amounts on account of past under investment. These fees will have to be substantially cheaper for infill development to take off.
- Infrastructure and development costs require significant reform:
  - utilities, public open space contribution, land tax and stamp duty adds an impost;
  - infrastructure providers' (TasWater, Aurora, etc.) policy of 100% cost recovery upfront not justified.

Drivers checklist – Infrastructure provision

Infill development is more likely to be delivered when:

- Infrastructure charges are kept to a minimum and not used to subsidise past under-investment or demand from existing residents.
- Infrastructure charges are certain and known by the developer before the approval process commences (acknowledging that changes to proposals during and after the approval process can result in changes to infrastructure charges).
- Infrastructure charges are fair, proportional, consistent and transparent.

2.5 Development finance

Most infill projects are debt funded which makes financing a key consideration. Obtaining finance, however, can be a major obstacle for developers. To receive funding a project must generate sufficient returns for both the developer and lender (i.e. bank). Before funding a project the lender will consider if the potential return is commensurate with the project's risk.

Compared to low-density greenfield developments, infill projects have a higher level of risk attached to them. They tend to require larger capital budgets, costs are harder to estimate and they take longer to complete which, in turn, exposes them to fluctuations in market conditions and increases the risk of unexpected events. Because of this increased risk, lenders tend to impose constraints on the funding of infill projects, which developers often find difficult to meet.

The availability of finance has decreased since the Global Financial Crisis (GFC) as a result of banks reassigning the risks of lending. Currently, funding is available to developers only if it can be clearly demonstrated that projects are feasible and risk can be minimised. A study undertaken for the National Housing Supply Council in 2011 found that prior to the GFC some banks were providing up to 100% of finance required to cover development costs. Since then banks have become more conservative and tend to limit their funding to around 80% of development costs. Before financing a project, lenders also need to be confident that a project's profit levels will be at least 20% of total costs, although it may be less if they have an established relationship with a developer.[13]

2.5.1 Consultation findings

Pre-sales requirements

The requirement for pre-sales (i.e. off-the-plan sales) has increased. Even for good infill projects that stack up, banks generally require pre-sales covering around 80% of the debt they are providing. Selling eight out of ten dwellings of an infill development off the plan would demand significant upfront marketing costs which many smaller developers would not have the capacity to fund. Current pre-sales requirements are therefore a major hurdle to the development of infill housing in Hobart where the general housing market is subdued and consumer acceptance of apartment living is not widespread.

[13] AHURI *in* Rowley, S and Phibbs, P 2012, Developing diverse and affordable housing infill development sites, August 2012.

Proven product

Obtaining finance for infill developments can be more difficult in areas where it is not a proven product. Banks worry that demand for infill development does not exist and that the final product will not sell at the price required to make a profit. It was noted during our consultation that banks are also less likely to lend when they are not familiar with a particular type of housing product. Often a lack of comparable projects in the local area makes it difficult for the bank to value a project and appraise its risk. These issues are likely to be major barriers to obtaining finance for projects outside the Hobart CBD and waterfront.

Development approval

Some developers said finance is difficult to obtain without a development approval being in place for a project. Financing may not be provided by a lender until a development is approved, or if financing is provided prior to approval, banks are generally unwilling to lend more than 40% of development costs.[14] Costs incurred before an infill project is approved can be substantial, making it harder for Hobart's smaller developers with limited capital reserves to undertake infill projects. This barrier highlights the role an efficient approval process plays in delivering infill development.

Drivers checklist – Development finance

Finance for infill development is more likely to be provided when:

- Banks have greater confidence that a project will be profitable and the risk of unexpected costs is minimal.
- The development approval process is efficient.
- Banks ease the constraints imposed on funding infill projects – for example, lowering pre-sale requirements.
- More successful infill projects are built around Hobart, which will then give lenders confidence that the product can work and be profitable.

2.6 Construction costs

According to a dwelling cost study prepared for the National Housing Supply Council in 2011, the major cost component of infill residential development in Australia's capital cities is construction. The study found construction costs constituted 45–60% of total costs.[15] With the exception of Sydney the study also identified that construction costs for multi-unit infill developments are 50% higher than for single detached houses in greenfield areas.[16] Developers consulted during this study said this difference was in part due to additional costs associated with scaffolding, cranes, occupational health and safety and the Building Code of Australia.

While Hobart was not included in the aforementioned study we have estimated that the overall building rates per square metre for a medium-density, low-rise (2–3 storey) multi-unit development would be slightly higher than for Perth and Sydney. For more complex projects, or higher quality developments, this figure could increase substantially.

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[14] SGS, Understanding the property and economic drivers of housing, 2013.

[15] National Dwelling Cost Study, prepared by Urbis for the National Housing Supply Council (2011).

[16] ibid.

2.6.1 Case study findings

Notwithstanding the study prepared for the National Housing Supply Council in 2011 discussed above, those developers consulted as part of the case study analysis reported that construction costs were not a major concern.

2.6.2 Consultation findings

During consultation, developers highlighted that while construction costs for infill developments are similar to elsewhere in Australia, the price the market is willing to pay for infill dwellings is significantly less, with the exception of high-end developments around Salamanca and the waterfront. Developers consider high construction costs along with insufficient demand and low market prices the main barriers to infill development in Hobart. Other significant development costs identified by the National Dwelling Cost Study were:

- government taxes and charges (14–16% of total development costs)
- land costs (6–14%)
- professional fees, marketing costs, due diligence, funding and holding costs (9–11%).

Excessive costs were identified as the main reason some of Hobart's smaller developers were less inclined to undertake infill projects. Owing to their relative inexperience in building multi-storey developments, smaller developers had concerns about the impact of additional regulatory burdens and greater risk of cost blow outs.

Further comments made during the consultation stage include:

- The supply of infill residential development can be encouraged by decreasing costs of development associated with water infrastructure and council demands, delays and inefficiencies. GBEs need to be more aware of the impact of their cost on development feasibility and show greater flexibility with their charges.
- The supply of infill residential development will be constrained by excessive costs imposed by TasWater.

Drivers checklist – Construction costs

Infill development is more likely to be delivered when:

- Material, labour and other development costs can be kept to a minimum.
- Unexpected costs associated with planning delays and government charges are avoided.
- Regulatory costs are not excessive.
- The higher cost of constructing infill development is offset by stronger demand and higher sales prices.

2.7 Summary of barriers and drivers to the supply of infill housing in Hobart

The following diagram summarises the barriers and drivers to the supply of infill housing in Hobart.

Barriers	Stage	Drivers
▪ A lack of development sites ▪ Numerous small sites in fragmented ownership ▪ Remediation and demolition costs ▪ Speculative behaviour by land owners	**Site identification & assembly**	▪ Development sites that are large, numerous, underutilised or vacant, relatively cheap, located in desirable locations and/or in need of minimal remediation.
▪ Poor demand ▪ Low market prices ▪ High construction costs ▪ High land values ▪ High developer contributions and infrastructure charges	**Development feasibility**	▪ Certainty around profits ▪ Realistic land owner expectations ▪ Efficient approval process ▪ Planners aware of market realities and development feasibility parameters when formulating planning controls and assessing development applications
▪ Restrictive and inflexible planning controls ▪ Complex and uncertain approvals process ▪ Community opposition	**Planning & development assessment**	▪ Investment-ready planning controls ▪ Efficient approval process ▪ Community education and involvement
▪ Lack of financing ▪ Onerous funding constraints such as high pre-sale requirements ▪ Banks unfamiliar with infill product in some locations	**Development Finance**	▪ Banks have greater confidence that a project will be profitable ▪ Efficient approval process ▪ Banks ease funding constraints ▪ More successful infill projects are built around Hobart
▪ Excessive infrastructure charges ▪ Uncertainty around infrastructure charges	**Infrastructure provision**	▪ Developers, and state and local governments share funding of new infrastructure ▪ Infrastructure charges are certain and kept to a minimum
▪ High construction costs associated with infill development ▪ Lack of experience in building some forms of infill development, particularly among smaller builders	**Construction costs**	▪ Material, labour and other development costs kept to a minimum ▪ Regulatory costs are not excessive ▪ The higher cost of constructing infill development is offset by stronger demand and higher sales prices



3 Barriers and drivers to the demand for infill housing in Hobart

If greater amounts of infill development are to be built in Hobart it must become more attractive to more people. Furthermore, developers will not build infill development if there is insufficient demand for it.

A lack of demand for infill housing was raised as an issue during consultation with the development industry. Some developers believed the market for infill development in Hobart was small, with most people preferring to live in a house. Other developers, however, noted that there is a gradual shift occurring, with apartment living becoming increasingly accepted by certain parts of the market, notably students, professionals, young couples and retirees. Most noted that the benefits of good infill development were not understood by the broader community; with the general perception being that apartment living was an inferior form of housing.

If this barrier is to be overcome, areas designated for greater levels of infill development must offer convenience and amenities not enjoyed in other areas to be successful. The strengths of infill areas must be identified and enhanced. For example, many neighbourhoods closer to Hobart's CBD can offer a distinct and attractive character that is typically lacking in low density suburbs and new greenfield areas. Infill areas can offer quick access to places of work, shops, recreation and community services. Residents living in suburbs such as North, South and West Hobart, New Town and Sandy Bay can choose to walk or ride on a bus instead of always driving.

Improvements are, however, required if infill development is to appeal to a broader range of people. Government and the property development industry will need to work together to overcome deficiencies and create neighbourhoods that can boast excellent infrastructure, a broad range of services and convenient amenities. Government revitalisation initiatives in infill areas must occur early and be substantial enough to attract private sector investment and engender confidence among existing and future residents. If these areas are to become and/or remain desirable places to live, developers and government must stay in tune with the constantly changing needs of the community and respond accordingly.

This section identifies the following eight barriers and drivers that influence demand for infill development in Hobart. Future demand for infill development in Hobart will be driven by four 'macro' factors – population growth, economic growth, demographic shifts and price. Other factors discussed are convenience and lifestyle, amenity, safety and design.

Demand factors			
Population growth	Economic growth	Demographic change	Price
Convenience & lifestyle	Amenity	Safety	Design

3.1 Population growth

As the population grows so, too, does demand for housing. Between 2001 and 2011 the population of Greater Hobart increased on average by 1,940 people a year or 0.9%. By way of comparison Sydney, Adelaide and Geelong recorded an average annual growth rate of 1.1%, 1.0% and 1.5% respectively. The population of Greater Hobart is forecast to grow by 30,000 people between 2011 and 2031 which represents an average annual growth rate of just 0.7% or 1,550 people.[17] This growth is not anticipated to be uniformly distributed, with Inner Hobart forecast to grow at a significantly higher rate over the same period (4.0% per annum). These statistics suggest Greater Hobart's modest population growth will constrain demand for infill development in most suburbs. The exception is closer to the CBD where stronger than average population growth is likely to increase demand for housing and therefore infill development.

3.2 Economic growth

Strong economic growth generates jobs and wages enabling people to purchase new housing. Future demand for infill housing will be heavily influenced by Tasmania's economic performance. Tasmania's economy has slowed in recent years with key indicators such as employment, investment and economic growth deteriorating relative to the national economy.[18] This in turn has reduced consumer confidence and weakened demand for new housing. While the outlook for the State is not positive in the short term, the Tasmanian Department of Treasury and Finance anticipate the cyclical forces behind Tasmania's recent poor economic performance will ease in coming years.[19] These forces include the very high value of the Australian dollar and the strong levels of mining-related investment in some mainland states.

3.3 Demographic change

Much of Hobart's existing housing stock was built in an era when the 'traditional' household consisted of two parents and multiple children. As a consequence, housing supply in Hobart remains dominated by detached dwellings. According to the 2011 Australian Bureau of Statistics Census, 82.5% of dwellings in Greater Hobart were classified as 'separate dwellings', 6.5% were semi-detached dwellings or townhouses and 10.5% were 'flats, units or apartments'. These proportions have remained generally steady since 2001.

The State's demographics are, however, changing. The Australian Bureau of Statistics expects the number of people per household in Tasmania to decline from 2.5 in 1996 to between 2.0 and 2.2 in 2021.[20] Today, 42% of all Tasmanian households are childless (40% in Greater Hobart) and single parents constitute a further 17% of households (18% in Greater Hobart).[21]

Hobart City Council is experiencing medium to high levels of population growth, a trend which is forecast to continue; in 2008 Hobart was forecast to gain between 8,800 and 16,800 people by 2032.[22] Hobart has a younger age profile than Glenorchy, as it attracts people of working and university age.

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[17] AECgroup Greater Hobart Property Market Overview, Macquarie Point Railyards Final Report August 2012.

[18] Department of Treasury and Finance, Structural Change in the Tasmanian Economy Information Paper April 2013.

[19] ibid.

[20] Australian Bureau of Statistics, 3236.0, Household and Family Projections, Australia, 1996 to 2021.

[21] Australian Bureau of Statistics Census 2011.

[22] Demographic Change Advisory Council 2008.

Glenorchy City Council is experiencing low population growth and is forecast to have static growth into the future; Glenorchy is forecast to have a decrease of 270 people under the 'medium' scenario or gain 4,100 people under the 'high' scenario by 2032.[23] Glenorchy is experiencing demographic change, with an ageing population and high levels of out-migration.

Tasmania's population also happens to be the oldest in the country and is ageing faster than any of Australia's states or territories.[24]

Overall household size is decreasing across Tasmania. The greatest concentration of households with one to two residents in Southern Tasmania is found in Hobart and Glenorchy.

The average household size in Glenorchy and Hobart is 2.3 people per dwelling (ABS 2011), which is consistent with the Greater Hobart average of 2.4 people per dwelling.

In general many of these smaller households will have different requirements than the traditional family. Professionals, students and retirees with busy schedules will often seek smaller, lower maintenance housing types. Childless households may place higher value on living near work, shops and entertainment. Elderly residents may prefer convenient access to services, medical facilities and public transport. Single parent families are often in need of affordable housing options in proximity to child care and schools.

These demographic shifts suggest that infill development that can meet the emerging needs of Hobart's population will generate demand.

3.3.1 Survey findings

When residents of surveyed infill developments were asked to indicate their age, 65% said they were over 50 years old. A summary of all responses is provided below.

- 17 years or younger (0% of respondents)
- 18–29 years (9%)
- 30–39 years (15%)
- 40–49 years (11%)
- 50–59 years (16%)
- 60+ years (49%).

3.4 Price

3.4.1 Value for money

Some homebuyers will perceive the price of new infill development as poor value for money. Locations that are in close proximity to the CBD and provide convenient access to shopping, public transport, services and entertainment are most likely to generate the strongest demand for medium and high density infill development (e.g. townhouses and unit/apartment buildings)in the short term. These are suburbs like North Hobart, West Hobart, South Hobart, New Town, Sandy Bay and Hobart itself. Demand for lower density infill development (e.g. villas and semi-detached dwellings) is also likely to continue between New Town and Glenorchy.

[23] Demographic Change Advisory Council 2008.

[24] Lisa Denny, Tackling the challenge of Tasmania's ageing population, The Conversation, www.theconversation.com.

Due to various development costs and land values between the CBD and North Hobart, the price of a new two-bedroom apartment is likely to be in excess of $400,000 which is higher than the median price for a typical three-bedroom house in nearby suburbs such as Bellerive ($393,500), Kingston ($377,500), Lenah Valley ($369,000), Lindisfarne ($359,000) and Moonah ($267,500).[25] Given the choice, many buyers will consider an existing detached house with an extra bedroom and yard better value for money than a new apartment.

This simple comparison indicates that demand for infill development will remain constrained as long as the price of detached houses in Hobart stays relatively affordable. It is possible that lower density infill development could be delivered at a lower cost (primarily due to the reduced land value) in locations further away from the CBD but this would be countered by even lower house prices for detached houses in those areas. For example, the price of lower density infill development in locations like Glenorchy and Derwent Park is more likely to be between $260,000 and $300,000, yet in December 2012 the median house price in these suburbs was $219,000 and $200,000 respectively.[26]

The key message here is that increasing demand for infill development will require facilitating a range of infill development types and price points along the corridor. Higher density and higher priced infill development is more likely to be in demand closer to the CBD while lower density infill development is likely to be popular and feasible north of New Town. Of course exceptions to this statement will arise.

3.4.2 Affordability

Affordability is likely to be a significant constraint on demand for new infill development in certain locations. In order to understand the affordability of new infill housing, an Excel-based model 'Household Income Affordability Calculator' was prepared. The model profiles household income bands based on ABS Census data for Greater Hobart and the level of debt that each household income level could afford to pay depending on key variables (i.e. interest rate, deposit and household income) (Table 4). Based on the outputs from the Household Income Affordability Calculator, a household with the median income in Greater Hobart ($1,065/week[27]) could only afford to purchase a home for $254,015 assuming a debt service ratio of 30% of income.[28] Assuming a higher debt service ratio of 40%, a household with the median income can afford to purchase a home for $338,687.

This analysis shows new infill dwellings priced over $350,000 are likely to be unaffordable to low income households and some moderate income households.

The affordability of infill development will also influence downsizing. Retirees who own houses are more likely to downsize if they can purchase an apartment or unit in a desirable location at a price that still enables them to save a significant portion of the house sale proceeds. For example, a couple who own a $425,000 four-bedroom home are more likely to downsize if they can purchase an apartment for $300,000 in an attractive location.

In summary, providing quality projects in desirable locations at competitive prices will help drive demand for infill development.

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[25] Real Estate Institute of Tasmania, Quarterly Property Report December 2012.

[26] ibid.

[27] Australian Bureau of Statistics Census 2011.

[28] It is generally accepted that housing is not within the means of a household's ability to pay for it (and thereby not affordable) when housing costs (i.e. rent or mortgage costs) exceed 30% of the household's gross income – this is also the common measure for mortgage and rental stress. It is important to note that this benchmark may vary dependent on the scale of the household's income.

Table 4 Household income affordability calculator

Household income ($)	Household income (weekly) ($)	Ownership (% income)	Monthly ($)	Principal loan ($)	Deposit ($)	Home affordability ($)
20,000	385	30	500	83,396	8,340	91,735
25,000	481	35	729	121,619	12,162	133,781
30,000	577	35	875	145,943	14,594	160,537
35,000	673	37	1,079	179,996	18,000	197,996
40,000	769	38	1,267	211,269	21,127	232,396
45,000	865	40	1,500	250,187	25,019	275,206
50,000	962	40	1,667	277,986	27,799	305,785
55,000	1,058	40	1,833	305,785	30,578	336,363
55,380	**1,065**	**30**	**1,385**	**230,923**	**23,092**	**254,015**
55,380	**1,065**	**40**	**1,846**	**307,897**	**30,790**	**338,687**
60,000	1,154	40	2,000	333,583	33,358	366,942
65,000	1,250	40	2,167	361,382	36,138	397,520
70,000	1,346	40	2,333	389,180	38,918	428,098
75,000	1,442	40	2,500	416,979	41,698	458,677
80,000	1,538	40	2,667	444,778	44,478	489,255
85,000	1,635	40	2,833	472,576	47,258	519,834
90,000	1,731	40	3,000	500,375	50,037	550,412
95,000	1,827	40	3,167	528,173	52,817	580,991
100,000	1,923	40	3,333	555,972	55,597	611,569

Note: Assumptions: 10% deposit, 6% interest rate, 30-year term

3.4.3 Case study findings

Key findings from the case study analysis were:

- Sales prices for two-bedroom dwellings in infill developments ranged from $120,000 (in 1999) and $320,000 more recently to $430,000.
- Dwellings sold rapidly in all the developments post-2006.
- Property values have risen substantially in those developments closer to the CBD (e.g. both the Wapping developments).

3.4.4 Survey findings

When asked what attracted them to live in their infill development, respondents said:

- good investment (34% of respondents)
- affordable to buy (28%)
- downsizing from a larger dwelling (27%)
- affordable to rent (12%).

3.5 Convenience and lifestyle

People will choose to live close to the Hobart CBD because they value convenient access to employment, services, shops, public transport and entertainment that these areas offer. Most of Hobart's current higher density residential developments (i.e. apartments and units) are located within 2 km of the CBD, although there has been an increase in proposed infill developments around Glenorchy and Clarence in recent years.[29] This suggests that demand for infill development in Hobart is heavily dependent on proximity and convenient access to the CBD, services, shops and public transport.

3.5.1 Survey findings

When asked what attracted them to live in their infill development, respondents said:

- the convenience provided by the residential complex (74% of respondents)
- near shops (65%)
- near work (45%)
- near entertainment and/or nightlife (41%)
- near recreational facilities (32%)
- near public transport (24%)
- near school, college or university (10%).

3.6 Amenity

To attract people to live in higher density urban environments, infill areas must provide a quality urban environment and possess qualities that lower density areas cannot offer. This means creating infill areas with distinctive neighbourhood character, active and passive open space, attractive streetscapes, inviting gathering places and proximity to a variety of community and cultural opportunities.

3.6.1 Survey findings

When asked what they liked most about living in their infill development, responses included privacy, proximity to amenities, communal benefits, friendly people, quiet and convenient, easy living, community, well maintained and good neighbours and lifestyle.

3.7 Safety

Numerous studies have found crime and the perception of crime to be the number one barrier to infill development.[30] A key driver to increasing demand for infill development is creating developments and neighbourhoods that the community feel safe and secure to live within. This is supported by our survey findings.

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[29] AECgroup Greater Hobart Property Market Overview, Macquarie Point Railyards Final Report August 2012

[30] Municipal Research & Services Center of Washington, Infill Development Strategies for Shaping Liveable Neighbourhoods, June 1997

3.7.1 Survey findings

When asked how safe or unsafe they felt living in their infill development, respondents said:

- very safe (72% of respondents)
- fairly safe (28%).

When asked what attracted them to live in their infill development, 58% of respondents said the security provided by the residential complex.

3.8 Design

Many past infill developments have not been designed in ways that enhance the local area. They have often ignored local character, blocked sun and views, lacked landscaping, provided dull or even ugly facades and reduced the quality of the pedestrian environment. Internally they have often failed to provide attractive, healthy and liveable spaces. Well-designed buildings and public domain can help create more sustainable, liveable and harmonious communities. Infill developments that maximise privacy, natural sunlight and ventilation can contribute to people's well-being and minimise the need for additional heating, cooling and light which in turn reduces consumption and costs. Good design that considers the character of the local area can improve the appearance of the streetscape and increase surrounding property values.

3.8.1 Case study findings

People were attracted to the case studies because of:

- convenience and lifestyle
- amenity – all case studies were perceived as being of high quality
- safety
- low maintenance.

3.8.2 Survey findings

When asked what attracted them to live in their infill development, 64% of respondents said the quality of their apartment and the development as a whole. Residents were also asked if they would choose to live in an infill development again, to which 90% said yes, suggesting infill developments can be highly desirable places to live when designed properly and in the right location.

3.8.3 Consultation findings

During consultation with developers and representatives from the property development industry, the following comments were made in relation to demand for infill development.

- Demand for greater amounts of infill residential development in Hobart does not exist due to:
  - Poor performance of the State's economy, high unemployment and lack of confidence.
  - The price differential between higher density dwellings and detached housing is not that great. Given the choice people will opt to buy a house over a unit or apartment if they are similar in price.
  - What little demand there is for this type of housing is being met by projects that are subsidised by State and Federal Governments (e.g. NRAS, land grants, rate subsidies, UTAS Student Housing project). This market distortion is removing financial incentives for private developers to create infill development.

- Because of inadequate demand, the margins are not enough for developers to build infill residential development and supply-side costs (e.g. construction costs and land use planning regime) are not dominant considerations.
- Greater demand for higher density residential development exists between CBD and New Town, particularly apartments. However, there are limited opportunities between the CBD and North Hobart for higher density development. Previous attempts to build infill development in this area have met community resistance.

Drivers checklist – Demand for infill development

Demand for infill development is likely to be generated by:

- Population growth.
- Economic growth.
- Demographic shifts.
- Affordable prices that represent good value for money.
- Developments that can provide a high level of convenience, amenity, safety and design.

3.9 Summary of barriers and drivers to the demand for infill housing in Hobart

The following diagram summarises the barriers and drivers to the demand for infill housing in Hobart.

Barriers	Stage	Drivers
▪ Stagnating population growth ▪ Greenfield housing meeting much of the additional demand that exists	**Population growth**	▪ Strong population growth
▪ Poor performance of the State's economy ▪ High unemployment ▪ Lack of confidence	**Economic growth**	▪ Low unemployment ▪ High levels of business and consumer confidence ▪ Growing economy
▪ High proportion of families who prefer to live in detached housing	**Demographic change**	▪ Ageing population ▪ Increasing numbers of students and professionals
▪ Perception of poor value for money ▪ Low prices for detached housing	**Price**	▪ Good quality product in the right location that is competitively priced
▪ Consumer acceptance of apartment living is not widespread	**Convenience & lifestyle**	▪ Infill development offers locational advantages
▪ Perception that infill developments offer poor amenity	**Amenity**	▪ Improvements to infrastructure and public domain that provides high amenity environment
▪ Concerns around security and safety	**Safety**	▪ Infill developments and neighbourhoods that offer safe environment and secure living
▪ Infill developments that fail to provide attractive, healthy and liveable spaces	**Design**	▪ Well-designed high amenity developments



Infill development within Greater Hobart

Appendix A – Case study analysis

pitt&sherry

HillPDA CONSULTING

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1 Introduction

This report is an analysis of five case study areas for the purpose of enabling the review of local drivers and barriers to infill development within the Greater Hobart area.

The five case study areas are:

- 301 Murray Street, North Hobart
- 39–49 Macquarie Street and 37 Campbell Street (Wapping), Hobart
- 75 Warwick Street, Hobart
- 107 Channel Highway, Kingston.

2 301 Murray Street

2.1 Location

This case study area is located at 301 Murray Street, to the north of the Hobart city centre (Figure 1).

2.2 Development description

The total land area for this site is 2,604 m². A development application was initially lodged for six houses and five flats; however, this application was withdrawn and an amended application lodged for seven houses and six flats. The application was classed as discretionary. Approval for the development of this site was received in 2005. The address was known at the time of the development application assessment as 297–299 and 301 Murray Street; however, it is now 301 Murray Street.

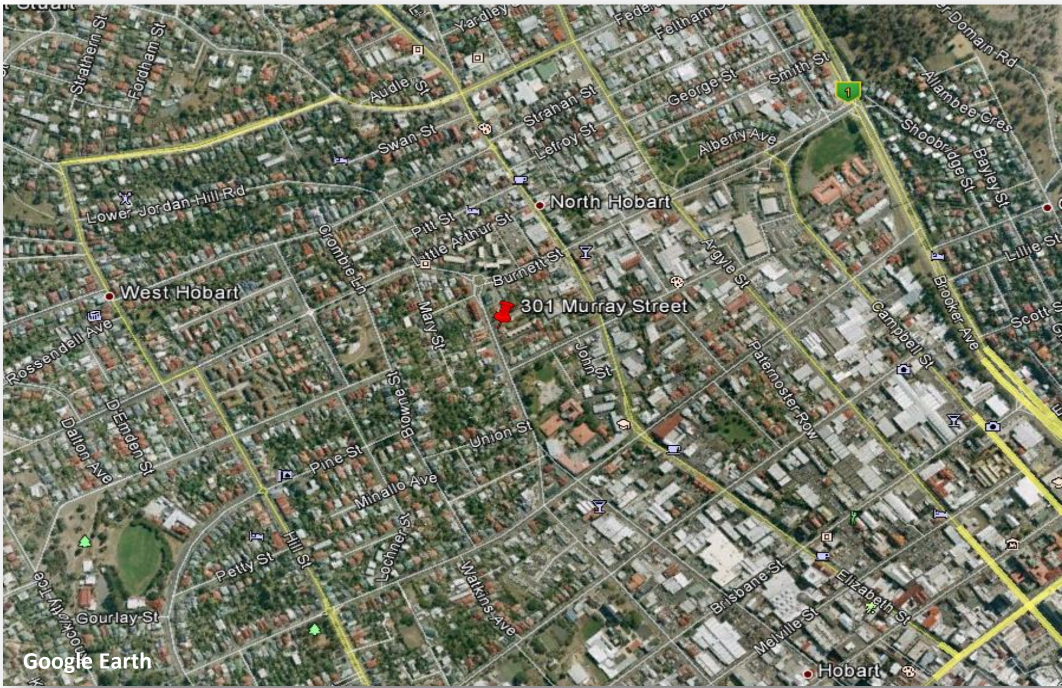


Figure 1

Location of the case study area at 301 Murray Street

2.3 Supply side

2.3.1 Site assembly

The site initially comprised three land titles that were adhered in order to accommodate the development. These titles were a mix of vacant land, a cottage and two conjoined townhouses.

At the time of the lodgement of the development application, the site was located within Precinct 25A of the Residential 1 Zone under the City of Hobart Planning Scheme 1982. This development was assessed as being consistent with the zone objectives (creating a diversity of dwelling types within the area) and the Statement of Desired Future Character for Precinct 25A (conserving and reinforcing the area for inner city residential housing).

2.3.2 Approval process

The development application was lodged on 7 December 2004 and a permit was issued on 21 February 2005. A request for further information was sent out on 14 December 2004.

This additional information request was sought regarding a revised traffic impact assessment, location of the proposed water connection and signatures of all owners upon the application form. The revised traffic impact assessment was required to reflect the revised trip generation of the proposed development after the development was amended by the applicant.

An extension of time was required within the approval process as the 42-day time limit was exceeded. The 42-day statutory time limit ran out on 21 January 2005 and an extension of time was granted until 18 February 2005.

Eight representations were received, with the issues raised being primarily in relation to:

- increased density;
- double-storey development and potential for overshadowing or loss of amenity to adjoining properties;
- detriment to the surrounding heritage values.

As representations were received, the development application went to a full council meeting. The development was assessed to be consistent with the planning controls.

2.3.3 Finance and incentives

The development did not depend on government initiatives.

2.3.4 Infrastructure

Prior to the submission of the development application, Murray Street had undergone some infrastructure reconstruction. A central island and trees were installed within the road reserve just outside the entrance to the development site. The development application sought to relocate the island further south. This suggestion was not viewed favourably by council, as careful planning was said to have gone into the spacing of the islands and trees along the street. A condition was placed on the permit instead, to allow for left in and left out vehicle access only.

The developer was to install and bear the cost of installation of a new water connection and sewer and stormwater mains. A new cross-over was required to be installed at the developer's cost.

2.3.5 Construction

The development drew on local expertise and materials. It is not known if the development was a profitable project.

2.3.6 Marketing and sales

These apartments are in a sought-after location, being in close proximity to the city centre and North Hobart, with a high level of amenity. The complex would be appealing as an investment opportunity, for professionals wanting to live close to their place of employment, and for downsizers.

2.4 Demand side

2.4.1 Price

The units were originally sold in 2007 for between $360,000 and $410,000, with subsequent sales in 2008 remaining at a similar price (between $380,000 and $410,000). There have been no further property sales since 2008.

2.4.2 Safety

The development's communal areas –the vehicle accessway, parking and entrance areas – are all easily accessible to the general public as there is no restricted access to the complex. However, these areas can easily be viewed from windows of the dwellings and from the street, providing very good passive surveillance. This passive surveillance and the privacy fences to a height of 1.8 m surrounding the rear patio areas suggest that the development is relatively safe. There are vegetation plantings that have grown to maturity, which suggests that the development has not been subject to vandalism.

Four surveys were returned from residents of the development who were asked to rate a number of different elements of their housing complex. When rating 'how safe one feels in the complex', three responded with fairly safe (being a rating of 5 out of 6) and one responded with very safe (being a rating of 6 out of 6). This survey response would suggest a high level of perceived safety.

2.4.3 Convenience

The development at Murray Street is within close proximity to the North Hobart shopping strip, located approximately one full city block to the north-east of the site, on Elizabeth Street. This shopping precinct can service most daily needs with shops such as a chemist, dry cleaners, newsagent, banks, groceries, cafes and restaurants. More substantially sized supermarkets are located in Campbell Street, North Hobart, or in the Hobart city centre.

Elizabeth Street is serviced regularly by Metro buses that run in and out of the Hobart city centre. The Hobart city centre, being the main employment hub, is easily accessible on foot from the Murray Street development, being approximately a 20 minute walk.

There is a park with skateboard facilities located on the corner of Tasma and Murray Streets, approximately 10 m to the south of the subject site. Elizabeth College is located within walking distance, approximately two city blocks to the south-east of the site.

Each of the four survey respondents have indicated that the convenience provided by the location of the complex, the proximity to work, shops, entertainment and nightlife are all factors that attracted them to the development.

2.4.4 Amenity and lifestyle

The development's high quality, proximity to work and shops, convenience, low maintenance, and safety were all factors influencing the decision to purchase within the development.

Those surveyed indicated that they did not use public transport.

2.4.5 Dwelling characteristics

The development provides thirteen dwellings in total, consisting of eleven double-storey and two single-storey townhouses. Six of the dwellings have three bedrooms and seven of the dwellings have two bedrooms. There are twenty car spaces within the development, indicating that each dwelling has at least one car space.

The private open space areas are generally small in comparison to typical urban and residential backyard dimensions within the immediate area; however, they are appropriate to a higher density living scenario. Most of the dwellings have a patio area on the ground floor of between 31 to 91 m^2, with some also having a small deck area on the first floor (approximately 2.5 to 3.55 m^2 in area).

In general, different cohorts prefer different dwelling characteristics. In the Tasmanian context multi-level dwellings are generally undesirable for the elderly and for couples with young children. Whereas dwellings with larger backyards (or within close proximity to a park or alternative recreational area) are often considered more suited to young families as there would be larger space for children to play outside.

The two-bedroom dwellings are likely to suit couples, young professionals house sharing, retirees who want less maintenance, empty nesters and possibly families with one child. The three-bedroom dwellings are likely to suit similar people; however, some small families might also be attracted because of the extra bedroom.

2.5 Conclusion

The site assembly was simple, did not require remediation and required only limited demolition costs. The development was appropriately located and designed for its target markets and consequently the sale price was good for the time. The approval timeframe exceeded the statutory timeframe of 42 days (albeit with an extension of time granted). This compares poorly against the Tasmanian average of 28 days for all approvals and 34 days for discretionary developments.[31]

[31] Parliament of Tasmania 2012, Report of the Auditor General No. 8 of 2011–12, The assessment of land-use planning applications.

3 Wapping

3.1 Location

The Wapping case study covers two separate development areas located at 39–49 Macquarie Street and 37 Campbell Street.

39–49 Macquarie Street relates to Wapping Parcel 2 of the Wapping Outline Development Plan and Local Area Plan and is bound by Terminus Row, Collins Street, Creswells Row and existing buildings including the Mission Church and Barnett Bros Building. The developments that make up this case study are now referred to as Terminus Row, Creswells Row and Collins Street.

37 Campbell Street is the second part of the Wapping case study and includes numerous development applications. This development was located upon Wapping Parcel 6 of the Wapping Outline Development Plan and Local Area Plan. The site is bounded by Sackville Street and Mistral Place and is known as the Theatre Mews.

The Wapping site was formerly used as a bus depot owned by state government. The Wapping Implementation Group was formed to develop the site.

The general Wapping area is shown in Figure 2. Figure 3 shows the Campbell Street development site in red and the Macquarie Street development site in blue. Each site is discussed below.

3.2 Development description (39–49 Macquarie Street)

The development application was for 19 flats and 3 shops/offices and 1 shop with 35 car parking spaces. This development application was classed as discretionary, and public notification was required.

3.3 Supply side (39–49 Macquarie Street)

3.3.1 Site assembly

The site was previously used as a bus depot and was vacant prior to the current multi-unit development. The proposed development was within a small section of the larger title.

The site was zoned Central Commercial and Administrative Zone, Precinct 13A under the *City of Hobart Planning Scheme 1982* and subject to the Wapping Local Area Plan under the *Draft Sullivans Cove Planning Scheme* (June 1997). The use status was classed as permitted within the scheme; however, discretions were triggered in relation to heritage and the width of the access. The planning provisions encouraged infill development in the form of a high-quality, stimulating residential environment.

3.3.2 Approval process

The development application was lodged on 26 June 1998. There was an extended assessment statutory time period in accordance with LUPAA (at the time) of 60 days due to external referrals required, which was due to expire on 25 August 1998. The permit was issued on 6 August 1998.



Figure 2

Location of the Wapping case study areas (shown at the red pin symbol)



Figure 3

Location of the two Wapping case study areas

One representation was received from the National Trust regarding the issue of the proposed development being built over the top of the existing heritage building shop front and the appropriate integration of elements of neighbouring buildings. Concern was raised with particular regard to the triangular pediment and faceted facia; these issues were addressed through a permit condition requiring the deletion of these elements.

3.3.3 Finance and incentives

Raising finance was reported to be difficult. The project received financial incentives from the government, without which the project would not have been able to proceed.

3.3.4 Infrastructure

The sealing, draining and construction of new driveways, double width cross-overs, car parking areas and turning areas and solid waste group collection facilities were required to be undertaken at the developer's cost. The internal streets of Creswells Row and Terminus Row were required to be constructed at the developer's cost.

De-watering was required for the excavation work to prevent environmental damage and damage to the downstream drainage infrastructure.

The development at this site involved the excavation and construction of basement car parking, which is a major infrastructure addition.

3.3.5 Construction

The Wapping development drew on local designers, local contractors, local expertise and materials. The development was considered to be a profitable project.

3.3.6 Marketing and sales

The apartments are marketed as being in a highly sought after area with a high level of amenity, low maintenance and high security. The hospital is within very close proximity, indicating that there would be an opportunity for an investment with a high rental return as accommodation for hospital employees.

3.4 Demand side (39–49 Macquarie Street)

3.4.1 Price

In 1999, apartments were selling for between $119,000 and $163,000. Prices have since risen steadily with sales in 2001 at around $230,000 and sales in 2005 up to $430,000. However, in 2007 sales were still at a similar mark of $430,000 and in 2009 sales were reportedly at $420,000 and in 2011 $436,000. This may be simply reflecting the market downturn rather than the development's attractiveness.

The apartments are now worth considerably more than they were at the time of construction. Number 2 Terminus Row was recently on the market at an advertised price of $661,000.

3.4.2 Safety

The complex appears to have a reasonably high level of security as the development has been built right up to the street with high fencing and visually permeable locked gates. Security swipe passes are required to gain access to the complex, including vehicular access to the internal courtyard and pedestrian access directly off the footpath.

3.4.3 Convenience

The location of the complex has a high level of convenience, being within close proximity to the Hobart city centre, the waterfront and Salamanca Place. The Royal Hobart Hospital, theatres and restaurants are all within walking distance, as is a supermarket which is located on the corner of Argyle Street and Liverpool Street.

The Elizabeth Street bus mall is also located within close proximity and is the main public transport hub of Hobart.

3.4.4 Amenity and lifestyle

Fifteen resident survey responses were received from the two Wapping developments. These surveys indicated that the developments are perceived to be of a good quality with a high level of security. The location of the complex also provides convenient access to public amenities such as the Hobart waterfront, the Aquatic Centre, the Botanical Gardens and social activities.

The majority of the survey respondents are professionals, with three clerical or administrative workers and two retirees. There was no consistent age bracket of residents as they ranged between 18 years and 60+ years.

Many of the residents that responded to the survey live on their own or with one other in the dwelling.

3.4.5 Dwelling characteristics

The dwellings are designed with a basement garage (level 1), the living area and a small deck/patio area (level 2) and two bedrooms and small balcony and bathroom located on the next level (level 3). There is communal paved courtyard area that is internal to the development. The complex can only be accessed with a security swipe pass.

3.5 Development description (37 Campbell Street)

The development of 37 Campbell Street commenced in 2006, with some pre-development site preparation done previously by the Wapping Implementation Group. The Campbell Street section of Wapping referred to here (known as the Theatre Mews) can be seen in Figure 3. A pre-application consultation process was used for this development, with council considering a master planning concept for the site – called a 'Letter of Intent', followed by the lodgement of each development application within that site area.

A Letter of Intent for 44 flats plus shop development covering the whole of Parcel 6 was supported by Council in 1996. Following this intent, Council approved the following development applications generally in accordance with the Letter of Intent plans.

- 3-storey flat development filling the Campbell Street frontage, comprising 4 flats
- 2 flats
- 10 flats
- 29 flats and shop (69 car spaces beneath complex).

Some of these development applications were discretionary and some were not (further details are provided in the following section). Figure 4 shows the location of the various developments within the site.



Figure 4

Location of each of the split development applications within the Theatre Mews complex

3.6 Supply side (37 Campbell Street)

3.6.1 Site assembly

The Theatre Mews was located upon Wapping Parcel 6 of the Wapping Outline Development Plan and Local Area Plan. The site was a vacant car park prior to the project commencing. This site has been subject to numerous planning applications. Council approved a subdivision application to divide Parcel 6 into three lots in September 1996.

The land was zoned Commercial and within the Administrative Precinct 2, with the use of a flat and shop permitted. The Wapping Outline Development Plan asserts that the site is to be developed as multiple and/or single dwellings.

The zoning is supportive of infill development as the Statement of Desired Future Character for Precinct 2 states that the area should be characterised by closely linked activities at high densities and promotes the progressive redevelopment of the current stock of vacant or under-utilised sites and derelict buildings.

3.6.2 Approval process

The application for four flats was issued lodged on 24 May 1996 and approved on 17 June 1996. This was a permitted application with no public notification required.

The development application for two flats was a permitted application with no public notification required and was issued on 25 July 1996.

The development application for ten flats was lodged on 2 August 1996 and was approved on 11 September 1996, within the 42-day statutory assessment period. This application was not advertised and did not have to go to any committee or council meetings for a decision.

The development application for 29 flats was lodged on 13 November 1996. The application was advertised and no representations were received. The application was decided at a council meeting on 16 December 1996, within the 42-day statutory time limit.

There is no community opposition recorded in relation to the developments at 37 Campbell Street. The planning controls clearly support this type of higher density infill development.

3.6.3 Finance and incentives

Finance was difficult to raise for these developments. The first stage was partly financed by the Wapping Implementation Group. The second stage included the ten flats that were originally built as public housing units. The project stalled due to financial difficulties, at which point the original developer brought in an equity partner to get the project moving again. Although the development was eventually completed, the developer nearly went into receivership as a result.

Pre-sales were difficult, which resulted in contractors being owed money for some time after construction was complete.

3.6.4 Infrastructure

The development at Campbell Street involved the excavation and construction of a basement car park of 69 spaces, which is a major infrastructure addition.

Extensive consultation was undertaken in relation to the site pedestrian permeability, effect on the walkability of the area, and the provision of bollards, gateposts and staggered fencing to allow for public pedestrian access through the site.

The development was required to show sensitivity toward existing walls that were of heritage value, which were incorporated into the development. These walls required repositioning and underpinning in some cases, particularly in relation to the interface with the basement car park excavations.

Contamination and archaeological issues were addressed as an initial stage, along with the major services, financed by the Wapping Implementation Group.

The design of this complex was a result of a design competition, followed by a developer partnering with the Wapping Authority to develop the site. The Wapping Implementation Group bore the major infrastructure costs, such as the provision of major services, archaeological issues and contamination.

3.6.5 Construction

The development of this site was undertaken by local designers and local contractors, and building materials were sourced locally. Contracts did not stipulate that local expertise and material was a requirement. The development was not profitable for the developers and there are still unresolved legal issues between parties.

3.6.6 Marketing and sales

The development initially targeted the affordable housing market and some were built for public housing.

The dwellings did not perform well on the market initially as there was a low level of interest. This was one of the very first projects in the Wapping area and the public housing component was not received well. The public housing component was seen as a negative by the market at the time.

3.7 Demand side (37 Campbell Street)

3.7.1 Price

As initial sales were slow, prices were similarly low. Subsequent property values have increased as the Wapping area has developed. The two-bedroom apartments originally sold for around $120,000. The ten public housing flats were sold for $1.1 million. These two-bedroom flats now sell for around $350,000 to $400,000 each. Only four of these units are still owned by Housing Tasmania, with the majority being investment properties, with five lived in by the owners.

There is now a mix of housing types throughout the Wapping area that target a varied market and cover a varied price range.

3.7.2 Safety

The issue of site security, pedestrian access and the definition of space were given a great deal of consideration at this site. A pedestrian link was required within the Outline Development Plan between Campbell Street and Mistral Place. The provision of bollards, gateposts, staggered fencing or a similar open arrangement at the street boundaries was suggested to be a solution to reinforce the semi-private boundaries. The remainder of the complex is gated, which provides for a high level of security. There is secure undercover parking as part of this complex.

3.7.3 Convenience

The complex is a gated development accessible only by the residents or their invited guests, located in the middle of Hobart City. The location is opposite the Royal Hobart Hospital and within close proximity to the Hobart waterfront, Salamanca Place, theatres, restaurants and all of the general services that the city offers.

3.7.4 Amenity and lifestyle

The Theatre Mews complex is built around a private courtyard with a central reflection pool which is available for the enjoyment of the residents and guests only.

Similar to the previous Wapping case study assessed, the majority of the survey respondents are professionals, with three clerical or administrative workers and two retirees. There was no consistent age bracket of residents as they ranged between 18 years and 60+ years.

Many of the residents that responded to the survey live on their own or with one other in the dwelling.

3.7.5 Dwelling characteristics

The complex consists mostly of two-bedroom dwellings, with only a few three-bedroom dwellings. The dwellings are of an angular unembellished design with rendered concrete and masonry walls and flat Zincalume roofs. The dwellings each have a car parking spot.

3.8 Conclusion

The Wapping developments were one of the first significant infill developments within Greater Hobart. Wapping Implementation Group involvement in the site assembly, planning (site remediation and archaeology), financing and infrastructure provision were significant factors in the project's realisation.

All planning processes fell within statutory timeframes and were commensurate with current average timeframes (21 days for permitted development and 34 for discretionary[32]); there was limited third-party or community representations (one representation for the case studies reviewed). The pre-development strategic plan (Wapping Outline Development Plan and Local Area Plan) no doubt played a significant role in the trouble-free development assessment process.

Financing was difficult for these developments, no doubt as a result of the nature, timing and scale of the developments proposed. The product proposed was one of the first of this scale in the Greater Hobart context and as such was seen as somewhat risky from an investment perspective.

[32] ibid.

4 75 Warwick Street

4.1 Location

This case study area is located at 75 Warwick Street, to the north of the Hobart city centre (Figure 5).

4.2 Development description

The development at Warwick Street commenced in 2006. It involved partial demolition and the construction of sixteen flats and associated car parking. The development application was discretionary.

4.3 Supply side

4.3.1 Site assembly

The site had a vacant warehouse at the time of the development application and the proposal was for partial demolition of that warehouse and for the construction of 16 flats with 29 car parks. The site was zoned Commercial and Residential (Precinct 8) under the Hobart Planning Scheme 1982. Flats were a permitted use within this zone. The Statement of Desired Future Character was that ‘The Precinct should evolve as a retail and community service area between adjacent residential Precincts. New development should be of lesser density than that to the south and blend with nearby residential areas.’



Figure 5

Location of the case study area at 75 Warwick Street

The proposed density was considered to be reasonably high; however, because of a similar high-density development across the road at the time, it was considered to be consistent with the surrounding development pattern, particularly having regard to the visual appearance from the street, as this would remain relatively unchanged due to the high stone wall that would remain at street level.

The development was proposed upon one lot of approximately 1,525 m². Although this lot was previously consolidated from three smaller titles, no adjustments to the title arrangement were required for the application of the multi-unit development.

4.3.2 Approval process

The development application was lodged on 1 March 2006 and the permit was issued on 24 April 2006. This is a 55-day approval process; however, the statutory clock was stopped due to a further information request being made by the council on 3 March 2006, requesting the following.

- Parking layout that complies with the Australian Standards.
- Driveway gradients to include transitions chords where appropriate.
- Overhead clearances from carriageway level to adjacent overhangs.
- Details of rubbish bin enclosures
- Proposed slab level – given adjacent to 12.5% slope.

The development application attracted two representations from the public. The first raised issues relative to heritage impacts, increased street parking pressure, and potential impacts upon the amenity of the guests at the adjoining accommodation.

The second representation raised issues concerning the negative amenity impact of construction works, amenity impacts as a result of the increased density and height, and impacts upon the heritage characteristics of the area.

The development was assessed by Council to be in compliance with the planning controls. Discretions were exercised in relation to maximum floor area. The surrounding residential amenity was deemed not to be compromised as a result of the discretion, as it was assessed to have a negligible change to overshadowing, and privacy concerns could be addressed through conditions.

The concept of a relatively high-density residential use was supported in terms of efficient use of land close to the city and urban renewal.

4.3.3 Finance and incentives

The Warwick Street development has used the National Rental Affordability Scheme (NRAS) government initiative.

4.3.4 Infrastructure

The site had a level platform raised significantly higher than street level. Vehicular access was via an existing ramp generally in accordance with council's engineering standards, although discretion was required in relation to the grade of the ramp. There was also the existing, large stone wall located along the perimeter of Warwick Street that acts as a retainer to the site and holds heritage status. The driveway access, car parks, turning areas and footways were required to be upgraded, with a bond of $36,586 taken for this assurance. A cross-over reconstruction was required at the developer’s cost. The installation of a new water connection and water meter was required at the developer’s cost.

4.3.5 Construction

The development drew on local expertise and materials. It is not known if the development was a profitable project.

4.3.6 Marketing and sales

Number 10 of 75 Warwick Street was recently on the market for between $375,000 and $399,000. This is a dwelling that comprises three bedrooms, two bathrooms and one car space. It was marketed to be a great investment with reference to the Federal Government Incentives under the NRAS providing incentives over the next eight years.

4.4 Demand side

4.4.1 Price

Some dwellings sold in 2008 at between $320,000 and $390,000. Subsequent sales in 2010 increased to $410,000 to $420,000, however in 2012 sale prices decreased to $375,000. In 2013 sales were recorded at $385,000.

No. 4, 75 Warwick Street was recently advertised to rent for $288 per week for a 2 bedroom, 1 bathroom dwelling with no car spaces. This dwelling was similarly advertised as being available under NRAS.

4.4.2 Safety

The complex has limited public access, with locked gates at the entrance. The site is located significantly higher than the street level. The complex appears to have a high level of security.

4.4.3 Convenience

There is a high level of convenience with regard to the location of the Warwick Street development. It is within very close proximity to both the North Hobart shopping precinct and the Hobart city centre. The Campbell Street Woolworths is located approximately three blocks to the north-east. The Elizabeth Street College is located on the corner of Elizabeth Street and Warwick Street, and Metro buses run frequently along Elizabeth Street to and from the city centre. The city centre is within a ten minute walk of the complex. There is a park located in Church Street, approximately 20 m to the north-east. The site location is considered to have a high level of convenience.

4.4.4 Amenity and lifestyle

The development is perceived by the one survey respondent to be of a high quality, good security and convenient.

4.4.5 Dwelling characteristics

The dwellings are all double storey with car parking located on the ground level. Each dwelling has limited private open space areas, with only a balcony area provided.

4.5 Conclusion

The site assembly was simple, did not require remediation and required only limited demolition costs. The development is well located and is one of the higher density developments in the general area. The approval timeframe exceeded the statutory timeframe of 42 days (albeit with an extension of time granted). This compares poorly against the Tasmanian average of 28 days for all approvals and 34 days for discretionary developments[33].

[33] Parliament of Tasmania 2012, Report of the Auditor General No. 8 of 2011 – 12, The assessment of land-use planning applications.

5 107 Channel Highway

5.1 Location

The Channel Highway case study area is located at 107 Chanel Highway at Kingston, which is located approximately 12 km south of Hobart (Figure 6).

Figure 7 shows the location of the development in relation to the Kingston Central precinct.

5.2 Development description

The land at Channel Highway commenced development in 2010. The development comprises 20 units (of which two were existing) with 27 car parking spaces. The development was classed as discretionary. The address was known as 105–107 and 109 Channel Highway for the purposes of the development application.

5.3 Supply side

5.3.1 Site assembly

The site previously consisted of three separate titles. In 2010 a boundary adjustment was approved for number 105–107 Channel Highway, number 109 Channel Highway and 3 Dollery Drive to consolidate these titles and facilitate the multi-unit development. This resulted in one lot with an area of 6,092 m^2.

The land was zoned residential under the Kingborough Planning Scheme 2000 and the development application was discretionary. Multi-unit housing was specifically stated as being encouraged within the Desired Future Character Statement for Kingston.

5.3.2 Approval process

The development application was lodged with council on 21 May 2010 and the permit was issued on 13 September 2010, with the full statutory time limitation utilised.

Further information was requested on 21 June in relation to the following matters.

- Traffic impact assessment
- Details regarding stormwater
- Privacy issues
- Sun diagrams
- Details of trees to be removed.

The further information request was satisfied by 30 August 2010, at which point the application was then able to be advertised.

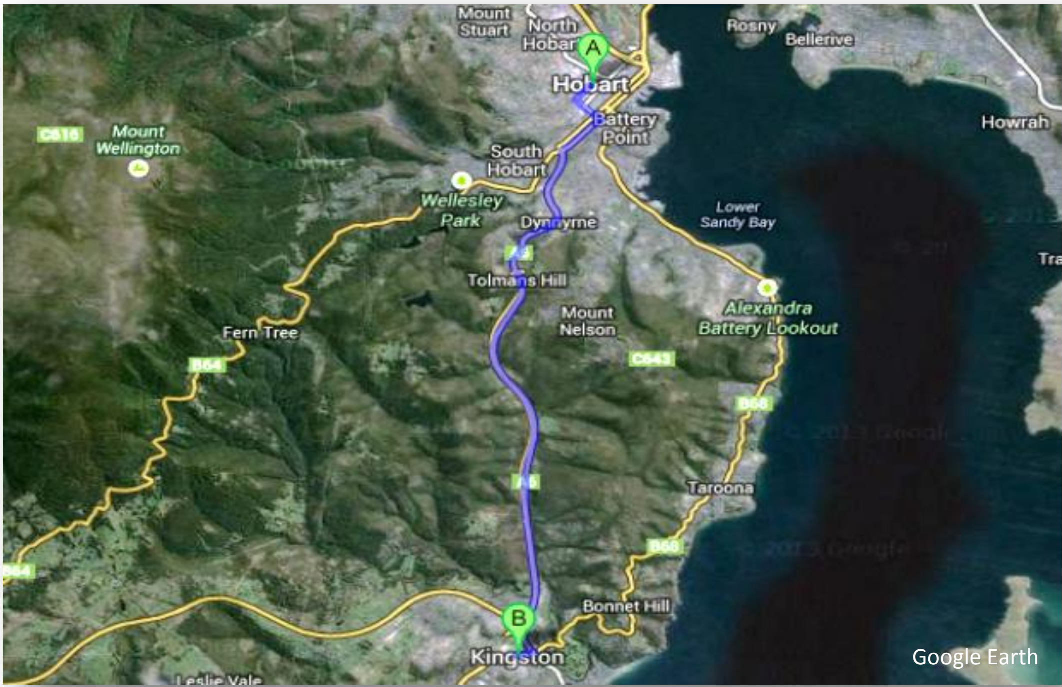


Figure 6

Hobart shown at point A and Kingston shown at point B

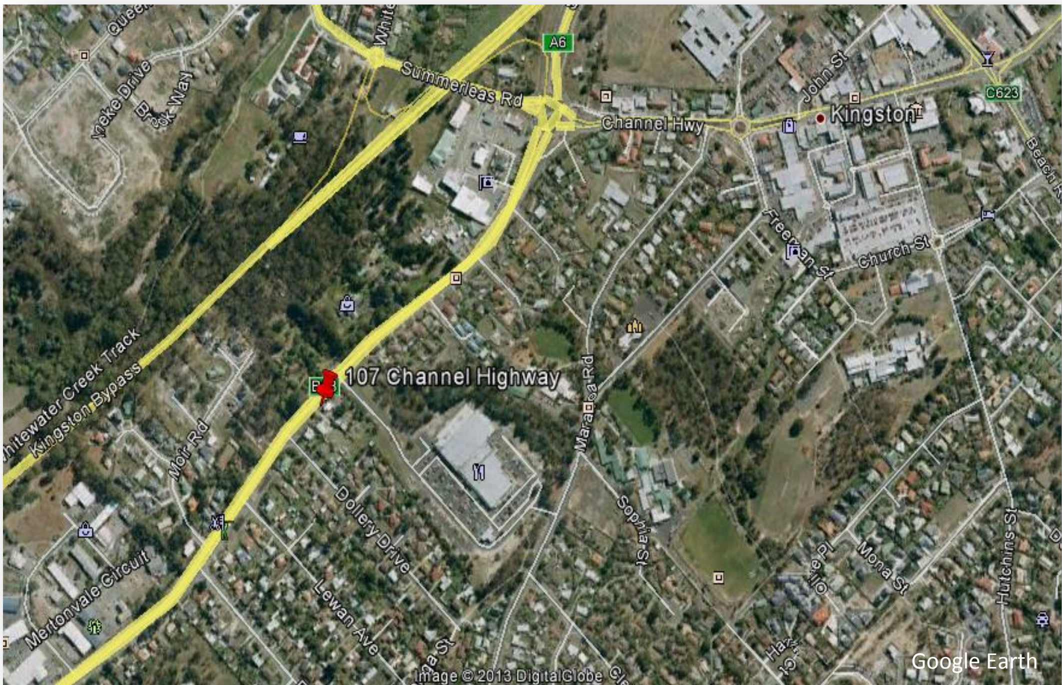


Figure 7

Location of the case study area at 107 Chanel Highway

Two representations were received and the following issues were raised.

- Privacy impacts
- Protection of views and amenity
- Setbacks
- Density of development
- Traffic issues
- Waste collection
- Building materials, bulk and colour
- Future ownership of units
- Car parking
- Stormwater drainage management.

The development invoked the following discretions.

- The size of the rear garden areas for the existing dwellings.
- Separation distances between various bedroom windows, kitchen windows, decks and the internal driveway.
- Private open space areas were not directly accessible from the living areas (Units 14–20).
- Car parking spaces provided were less than the number required and visitor spaces were proposed forward of the building line.

Council assessed the development as meeting the Alternative Solutions in relation to these discretions and recommended approval.

5.3.3 Finance and incentives

The viability of the project did not rely or depend on government incentives or initiatives, and there were no issues with the raising of finances.

5.3.4 Infrastructure

The developer was not required to provide any additional infrastructure that was not budgeted for; however, the headworks' charges for Southern Water were considered to be excessive at $7000 per unit, being a major cost component. All infrastructure costs were covered by the developer.

5.3.5 Construction

The project drew on local expertise where possible, as the developer was a local Tasmanian business that used Kingston-based labourers. The materials were generally sourced from K&D Warehouse and Bunnings. Local timber was reported to be difficult to source, with most being imported from New Zealand. The project was profitable for the developer.

5.3.6 Marketing and sales

The villas are currently being marketed as being a close walk to the facilities at Kingston, schools and supermarkets. This indicates that small families are a target market; however, the villas may also appeal to downsizers, investors wanting to rent the villas out and retirees.

With the exception of three units, all the units sold quickly. There were no pre-sales. The units were marketed in Tasmania and interstate, and specifically targeted investors. All of the units were sold as investment properties for self-managed super funds. The three that did not sell were then held by the developer, who has sought NRAS incentives.

5.4 Demand side

5.4.1 Price

The remaining units are currently on the market for $300,000 to $325,000. They have been recently constructed, indicating that subsequent sales cannot be assessed at this point.

Subsequent property values and sales cannot be analysed at this point as the development has only recently been constructed and sold.

5.4.2 Safety

The site is easily accessed by vehicles, with no restricted entry. As there are a large number of units, it is relatively easy for the general public to wander into the complex un-noticed. Once inside the complex, people are not visible from external points. There appear to be limited windows overlooking the shared areas. This is not considered to be a highly secure arrangement.

The survey respondents have indicated that the complex is rated 'very safe' by two of the residents and ‘safe’ by one of the residents. This indicates a high level of perceived safety. There are private, lock-up garages accessible with a remote control for each dwelling.

5.4.3 Convenience

The development is located within close proximity to the Kingston shopping precinct, and is directly adjacent to a shopping centre complex. However, owing to the design of the development and the surrounding shopping centres, pedestrian site permeability is not ideal and vehicle transport is promoted.

The Kingston Primary School is located within close proximity to the north-east of the site; however, the street layouts do not encourage walking.

5.4.4 Amenity and lifestyle

The affordability of the housing was indicated to be an attractive attribute by all survey respondents, with convenience, quality and proximity to shops and work being other contributing factors.

5.4.5 Dwelling characteristics

The development consists of the two previously existing dwellings, with 18 new dwellings constructed in three rows along the site. These new dwellings consist of seven two-storey townhouses with the remainder being single storey. All dwellings have two bedrooms. The private open space areas range from 70 m² to 263 m², with most being around 80 m². Each of the dwellings has at least one car space, with additional visitor parking available on site.

5.5 Conclusion

This development is the most recent and also most affordable development among the case studies. 85% of the units have sold relatively quickly, indicating that this product has a market if appropriately located. The approval timeframe was within the statutory period, but at the upper extent. This compares poorly against the Tasmanian average of 28 days for all approvals and 34 days for discretionary developments.[34]

[34] Parliament of Tasmania 2012, Report of the Auditor General No. 8 of 2011 – 12, The assessment of land-use planning applications.

pitt&sherry

Dion Lester
03 6210 1473
0400 224 414
email: dlester@pittsh.com.au
www.pittsh.com.au

Brisbane

Level 2
276 Edward Street
Brisbane Qld 4000
T 07 3221 0080

Launceston

Level 4
113–115 Cimitiere Street
Launceston Tas. 7250
T 03 6323 1900

Canberra

Level 5
Tower A
7 London Circuit
Canberra City ACT 2601
T 02 6295 2100

Melbourne

Level 1, HWT Tower
40 City Road
Southbank Vic. 3006
PO Box 259
South Melbourne Vic. 3205
T 03 9682 5290

Devonport

Level 1
35 Oldaker Street
Devonport Tas. 7310
T 03 6424 1641

Sydney

Level 1
56 Clarence Street
Sydney NSW 2000
T 02 8216 4700

Hobart

Ground floor
199 Macquarie Street
Hobart Tas. 7000
T 03 6210 1400

Incorporated as Pitt and Sherry (Operations) Pty Ltd
ABN 67 140 184 309

HillPDA CONSULTING

David Parsell
02 9252 8777
0438 903 270
email: david.parsell@hillpda.com
www.hillpda.com

Sydney

Level 3
234 George Street
Sydney NSW 2000
T 02 9252 8777
sydney@hillpda.com

Melbourne

Suite 114
838 Collins Street
Docklands Vic. 3008
T 03 9629 1842
melbourne@hillpda.com

Gold Coast

T 0403 454 752
goldcoast@hillpda.com